

Risk Management Fund / 5520

| | | 2005 Actual | 2006 Adopted ² | 2006 Estimated | 2007 Adopted | 2008 Projected | 2009 Projected |
|--|--|---------------------|----------------------------------|-----------------------|---------------------|-----------------------|-----------------------|
| LOSSES LIMITED TO \$1 MILLION | Beginning Fund Balance | 4,045,868 | 10,189,492 | 8,857,077 | 6,294,421 | 2,986,696 | 995,565 |
| | Revenues | | | | | | |
| | * Interfund Charges ³ | 22,627,932 | 22,828,408 | 22,828,408 | 23,139,357 | 25,904,340 | 27,918,878 |
| | * Interest Revenue | 1,863,567 | 1,600,000 | 2,845,867 | 2,902,784 | 2,989,868 | 3,079,564 |
| | * Other Miscellaneous Revenues | 16,551 | | | | | |
| | Total Revenues | 24,508,050 | 24,428,408 | 25,674,275 | 26,042,141 | 28,894,207 | 30,998,442 |
| | Expenditures | | | | | | |
| | * Claims Costs (limited to first \$1 million) | (11,235,616) | (14,701,152) | (14,777,534) | (14,507,520) | (15,404,214) | (16,356,673) |
| | * Insurance Premiums | (3,350,910) | (9,786,716) | (9,786,716) | (9,786,716) | (10,276,052) | (10,276,052) |
| | * Prosecutors and ORM Overhead | (3,013,640) | (3,527,213) | (3,450,831) | (3,768,904) | (3,844,282) | (3,921,168) |
| | * Transfers to Other Funds (MARR & Cat. Loss Prog) | (274,928) | (274,928) | (274,928) | (274,928) | (274,928) | (274,928) |
| | * Encumbrance Carryover | | | (197,285) | | | |
| | Total Expenditures ⁴ | (17,875,094) | (28,290,009) | (28,487,294) | (28,338,068) | (29,799,476) | (30,828,820) |
| | Other Fund Transactions | | | | | | |
| | * Adjustments for Incurred Losses ⁵ | (321,747) | 117,912 | 250,363 | (1,011,798) | (1,085,862) | (1,165,187) |
| | * Transfer to Cat Loss Fund | (1,500,000) | | | | | |
| | Total Other Fund Transactions | (1,821,747) | 117,912 | 250,363 | (1,011,798) | (1,085,862) | (1,165,187) |
| | Ending Undesignated Fund Balance | 8,857,077 | 6,445,803 | 6,294,421 | 2,986,696 | 995,565 | 0 |
| CATASTROPHIC LOSS RESERVES (above the \$1 Million per occurrence threshold) | Beginning Cash Balance | 12,349,599 | 13,578,268 | 11,816,909 | 12,534,215 | 13,206,599 | 13,946,223 |
| | Revenues | | | | | | |
| | * Insurance Recoveries | | | 58,105 | | | |
| | * Interest Revenue | 402,945 | 400,000 | 659,201 | 672,385 | 739,623 | 813,585 |
| | * Other Adjustments-Transfer from Reg. Prog. | 1,500,000 | | | | | |
| | Total Revenues | 1,902,945 | 400,000 | 717,306 | 672,385 | 739,623 | 813,585 |
| | Expenditures | | | | | | |
| | * Claims Costs > \$1.0 million Threshold | (2,435,635) | | | | | |
| | Total Expenditures | (2,435,635) | 0 | 0 | 0 | 0 | 0 |
| | Ending Fund Balance | 11,816,909 | 13,978,268 | 12,534,215 | 13,206,599 | 13,946,223 | 14,759,808 |
| | Less: Reserves & Designations | | | | | | |
| | * Reserved for Losses Over \$1Million ⁶ | (19,956,000) | (19,956,000) | (21,203,000) | (21,203,000) | (21,203,000) | (21,203,000) |
| | Total Reserves & Designations | (19,956,000) | (19,956,000) | (21,203,000) | (21,203,000) | (21,203,000) | (21,203,000) |
| | Ending Undesignated Fund Balance | (8,139,091) | (5,977,732) | (8,668,785) | (7,996,401) | (7,256,777) | (6,443,192) |

Financial Plan Notes:

In general, this financial plan is most significantly affected by annual updates to actuary estimates of incurred claims. Its financial portrayal of the Insurance Fund is based on the 2006 actuary report that revised estimates of losses for policy years 1991-2005.

¹ Based on ARMS actuals 14th month

² 2006 Council Adopted Budget.

³ Rates are projected to rise 1% from 06 to 07 proposed; 10% average increase from 07 to 08 and 08 to 09.

⁴ In 2008 and 2009, growth in total expenditures are projected to increase between 3%-5% overall.

⁵ Difference between actuary's estimate of incurred losses vs. cash flow/actual expenditures for limited losses.

⁶ Per actuary's estimates-- Assumed \$2.5 million Self Insured Retention (SIR).